
**STATEMENT OF
FLORIDA FRUIT & VEGETABLE ASSOCIATION**

REVIEW OF FRUITS AND VEGETABLES POLICY PROGRAMS

**SUBCOMMITTEE ON LIVESTOCK AND HORTICULTURE
COMMITTEE ON AGRICULTURE
U.S. HOUSE OF REPRESENTATIVES**

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WASHINGTON, D.C.**

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Florida Fruit & Vegetable Association (FFVA) is a producer organization that represents growers, packers, and shippers of citrus, vegetables, tropical fruit, sugarcane and other agricultural commodities. FFVA's mission is to enhance the competitive and business environment for producing and marketing fruits, vegetables, and other crops. It is based in Orlando, Florida.

1. Introduction.

Mr. Chairman and members of the Committee, on behalf of the Producer members of Florida Fruit & Vegetable Association, I greatly appreciate the opportunity to appear before you today to speak about some of the challenges facing fruit and vegetable growers in Florida. While our focus obviously is on issues facing Florida producers, it is important to note that our challenges are not unique. In recent years many of our growers have begun farming in other states, such as Georgia, the Carolinas, and Virginia, in an effort to compete in an increasingly global marketplace and to satisfy the ever changing demands of buyers. What we've learned as this migration has occurred over the past few years is that growers of fruits and vegetables throughout the Southeast, California, and indeed throughout the country, are facing many of the same challenges.

As Congress begins to look at farm policy issues leading up to the expiration of the FAIR Act in 2002, it is extremely important that you focus on issues affecting our country's fruit, vegetable and specialty crop growers. This is an industry that is formidable and vital to our economy and our consumers. The combined fruit, vegetable and nut industry in the United States produced crops valued at \$20.7 billion in 1998, which represented 22.3 percent of the total crop value of agriculture in the nation. Historically, producers of these crops have not relied on permanent farm program payments for their economic survival. Their marketplace has

historically been based on the supply and demand and thus their markets can be highly volatile. Even the slightest changes in volume can have a significant impact on market prices.

The Food, Agriculture, Conservation, and Trade Act of 1990 was the first farm bill to contain a fruit and vegetable title. It found that fruit and vegetable crops were “a vital and important source of nutrition for the general health and welfare of the people of the United States.”¹ A key section of that title declared that the domestic production of fruits and vegetables is an integral part of this nation’s farm policy. The bill called for the Secretary of Agriculture to conduct a study on the impact of several issues affecting the nation’s fruit and vegetable industry. It asked for recommendations on how producers could participate in existing market assistance programs, and on additional programs that could be developed to assist producers in expanding domestic and foreign markets for their products. Today, some ten years later, that comprehensive study has yet to be released.

Florida’s increasing popularity as a tourism destination and transportation hub for commerce with Latin America and other regions of the globe has exacerbated the problem of damage from invasive pests and diseases. Our airports and seaports are filled with passengers and cargo that could carry invasive species to Florida farms and groves. Florida’s recent battles against the Mediterranean fruit fly and the ongoing eradication of citrus canker underscore the need for effective port inspections, pest and disease detection programs, and timely eradication capabilities. Without them, our industry cannot provide high quality products to domestic and international customers.

The bottom line is that fruit and vegetable growers in Florida, the southeastern United States and nationally are in crisis. If the situation is not reversed, the United States will lose agricultural production capacity. Instead, significant portions of our domestic food supply will come from abroad, and with it the potential adverse implications to consumers and the economy. While the farm bill may not be the proper vehicle to address many of these issues, it is critical that Congress focus on both short and long-term solutions to this crisis as they begin work on the successor to the FAIR Act.

2. USDA’s systems designed to prevent the introduction of exotic plant pests and diseases should be significantly strengthened.

Increases in the importation of fruits and vegetables, as well as other agricultural products, into the United States has also increased the risk of the introduction of plant pests and diseases that threaten domestic production. Fruit imports more than doubled from 1.35 million metric tons in 1990 to 2.82 million metric tons in 1999. Imports of fresh citrus products alone more than tripled from 101,000 metric tons in 1990 to 348,000 metric tons in 1999. Vegetable imports nearly doubled from 1.90 million metric tons in 1990 to 3.73 million metric tons in 1999. Fresh tomato imports also have doubled during that period.² Florida and other southern states are also seeing record numbers of tourists and other visitors arrive each year. Some 48 million visitors entered Florida through airports, seaports and highways in 1998, an increase of

¹ “Food, Agriculture, Conservation, and Trade Act of 1990,” Title XIII, Sec. 1301.

² Van Sickel, John, “Perspectives on Invasive Pests and USDA’s Commitment to Fresh Fruit and Vegetables,” UF/IFAS, February 2000.

3.7% over the previous year.³ Our increased ethnic diversity has also brought a greater demand for fruits, vegetables, and other commodities from pest-infested regions. Increases in tourism and legitimate trade aren't the only culprits. Smuggling of prohibited host materials is also a significant problem, and is no doubt a major pathway for medfly, citrus canker, and other pests and diseases. During blitzes conducted by the Florida Interdiction and Smuggling Team (FIST) – a federal/state cooperative program – officials intercepted numerous illegal shipments of fruits and vegetables that were later found to be infested with pests not known to occur within Florida.

Today, we are losing this battle. The introduction of both animal and plant pests and diseases in Florida alone has had a huge financial impact on both government and industry. The Florida Department of Agriculture and Consumer Services estimated that as of September 30, 1999, the five-year impact for control of exotic pests to be well over \$250 million.⁴ That estimate does not include current costs for the on-going citrus canker eradication program in south Florida. Last year, approximately half of the nation's domestic lime industry was lost as a result of the canker infestation. When you add in the cost of lost sales for the industry during the five-year period, the numbers skyrocket. The Department estimates the sales loss to Florida agriculture as a result of pest and disease introduction since 1995 at nearly \$900 million.⁵ California has also been faced with similar outbreaks.

Recognizing the tremendous challenges faced by USDA's Animal and Plant Health Inspection Service (APHIS) in pest and disease exclusion, the agency contracted with the National Plant Board to conduct a formal review of the entire APHIS plant protection and quarantine system. In July 1999, the review panel issued a report, entitled: *Safeguarding American Plant Resources – A Stakeholder Review of the APHIS-PPQ Safeguarding System*. The report contains more than 300 recommendations covering a wide variety of topics ranging from the need for legislation to changes in procedure with the agency to the need for more public education.

- a. **Congress should enact legislation authorizing mandatory funding, direct responsibility and authority for APHIS to develop an emergency pest eradication capability to address economic and health threats posed by invasive species as determined by the Secretary. First year funding would be set at \$50 million, and set up as a revolving account (no-year fund) which would be replenished annually (at the \$50 million cap) based on fiscal year utilization.**

Timely response to pest and disease threats is crucial to effectively protecting fruit and vegetable production. Funding delays awaiting OMB approval for CCC funds for critical programs to address these threats significantly reduce the ability of APHIS to minimize the impact of pests and diseases. Establishment of an eradication emergency fund would allow the Secretary to address these threats in the most expeditious way possible.

³ Florida Department of Tourism, 1998.

⁴ Florida Department of Agriculture and Consumer Services, "Five Year Impact of Foreign Plant/Animal Pests/Diseases," September 30, 1999.

⁵ Ibid.

- b. Establish an annual pest detection survey fund that will ensure early detection of harmful and economically significant plant pests, diseases or other pathogens that have eluded detection at ports of entry. The mandatory fund would be at the \$50 million level (designated as no-year), and replenished annually (at the \$50 million cap) based on fiscal year utilization.**

A key recommendation of the *Safeguarding American Plant Resources* report is the establishment of surveys for plant pests and diseases to ensure detection as early as possible. Establishment of a specifically earmarked survey fund preferably as a mandatory program within the Farm bill, would allow APHIS-PPQ to employ additional inspectors and to utilize cooperative agreements with the States to conduct ongoing nationwide surveys to facilitate early detection of damaging invasive species.

- c. FFVA strongly urges Congress to allow the expiration of Section 917(5) of the FAIR Act allowing for all user fees collected under the Agricultural Quarantine Inspection (AQI) program to be used for AQI. Congress should also authorize the expansion of permitted activities that are funded by user fees to grant APHIS greater flexibility in conducting inspections.**

In reviewing USDA/APHIS funding, Congress should also ensure that the agency has full access to fees it collects at air and seaports. The FAIR Act authorized USDA to collect user fees for agricultural quarantine and inspection activities (AQI).⁶ These fees have been utilized by the department to bolster its inspection programs at key points of entry for exotic pests. However, Congress required the appropriation of the first \$100 million. Since the provision has been in place, the full \$100 million has not been appropriated for AQI activities. FFVA strongly urges the committee to allow the appropriation requirement to sunset when the FAIR Act expires in 2002. In the meantime, Congress should appropriate the full amount of funds generated from AQI user fees for the purpose for which they were intended.

Presently, user fees may only be used for activities directly associated with inspection at ports. APHIS should be granted authority to use those fees for activities that support inspection at secondary sources or to fund the purchase of inspection technology.

- 3. If the next farm bill contains farm payment programs, Congress should continue the FAIR Act prohibition on planting fruits and vegetables on subsidized or contract acreage.**

In the 1996 FAIR Act, Congress sought to provide planting flexibility for producers who historically participated in farm programs. While this was a worthwhile policy objective, fruit and vegetable growers were extremely concerned that, if it were applied to fruit and vegetables crops, they would be forced to compete in the marketplace with subsidized producers. Fruit and vegetable producer organizations across the country argued successfully for language in the legislation that prohibited the planting of fruit and vegetables on contract acreage.⁷

⁶ "Federal Agriculture Improvement Act of 1996," Sec. 917, "Collection and Use of Agriculture Quarantine and Inspection Fees."

⁷ "Federal Agriculture Improvement and Reform Act of 1996," Sec. 118.

The market conditions and potential for disruption that led to the industry's concern in 1996 over planting flexibility have not changed. If anything, they have worsened. Traditional fruit and vegetable producers in recent years have switched acreage between different crops, particularly vegetables, in order to find profitable niches. Federal incentives for program crop participants to plant fruit and vegetable crops would likely exacerbate an existing over-supply situation for those commodities, and cause significant injury to growers. Non-subsidized fruit and vegetable producers should not have to compete in the marketplace with producers who are receiving permanent direct government payments.

U.S. farm policies that provide for planting flexibility on subsidized or contract acres now and in the future should specifically prohibit the planting of fruits and vegetables. Significant penalties must remain in place to ensure that there is an effective deterrent to violations of the planting prohibition.

4. U.S. international trade policies affecting agriculture should take into account the needs of import sensitive commodities as well as the interests of export oriented crops.

While exports of horticultural products from the United States have increased over the past five years, fruits and vegetables entering the country from abroad have risen significantly. Since the North American Free Trade Agreement (NAFTA) took effect in 1994, U.S. imports of fruits and vegetables have grown dramatically. Data show that for many crops, and in particular fresh tomatoes, Florida's growers have lost a considerable share of the U.S. market to Mexican imports.⁸ NAFTA contributed to this situation by, first, reducing U.S. tariffs which made low-priced imports even more competitive; and, second, by spurring investment in Mexico's agricultural industries from non-traditional sources. A third factor, which was not addressed in the NAFTA and which has had a major impact on the competitive relationship between growers in Florida and Mexico, is the continual devaluation of the Mexican peso.

The Uruguay Round only increased the competitive pressures brought on by the NAFTA on import-sensitive fruit and vegetable growers. By reducing U.S. tariffs across the board, even on import-sensitive commodities, the Uruguay Round reforms have made Florida's fruit and vegetable sectors more vulnerable to imports. At the same time Florida growers have been losing domestic market share, their ability to develop export markets has been hampered by non-tariff trade barriers and a strong dollar abroad. Under the Uruguay Round agreements, U.S. growers, as a result of their superior quality and technology, were expected to benefit more than most foreign producers from increased global access. For Florida, the global market gains have been minimal, offering little offsetting relief from increased competition in the domestic marketplace.

The proposed Free Trade Area of the Americas (FTAA) is a regional trade agreement that includes many countries, including Brazil, Argentina and Chile, all countries that are highly competitive with Florida's fruit and vegetable industry. To ensure that FTAA negotiations do not lead to increased imports from these countries of Florida's most important fruit and vegetable

⁸ Florida Tomato Committee, Orlando, Florida.

products, FFVA asks that a request-offer approach to tariff reductions be pursued that explicitly authorizes exemption from tariff phase-out for Florida's import-sensitive commodities. FFVA is on record as having similar objectives for a U.S.-Chile Free Trade Agreement.

- a. Improved safeguard provisions are needed for import-sensitive fruit and vegetable products. Such safeguards should include all import-sensitive produce commodities and be triggered automatically based on price, not year-end volumes. Safeguards should also counter increased exports that occur when a country's currency unexpectedly devalues.**

To help offset the effects of tariff reductions that were expected to result in increased imports, both the NAFTA and the Uruguay Round agreements promised to provide safeguard provisions that would deliver temporary relief to injured, import-sensitive industries. For Florida's growers, these measures have failed to function as intended.

FFVA advocates the development of special rules governing trade in perishable, seasonal commodities. We support the concept of a price-based safeguard measure -- as opposed to a volume-based safeguard measure --specific to fruits and vegetables. Such a measure should be automatically triggered at any time in the year when a price threshold is reached in order to prevent injury to growers of perishable crops. Our experience is that volume-based safeguard measures, such as those contained in the NAFTA agreement, are ineffective in preventing harm, since they are triggered only at the end of the season when the additional volume has already depressed prices and injured U.S. growers.

FFVA believes a mechanism is needed to cushion the effects of currency devaluation on market access concessions. As Florida's growers experienced with the devaluation of the Mexican peso just following the implementation of the NAFTA, the devalued peso meant that Mexico's exports to the United States were significantly cheaper and increased dramatically, while U.S. exports to Mexico became more expensive and declined markedly. Although difficult to address, the issue of currency devaluation cannot be ignored. One possible approach might be to use a safeguard-type mechanism that would be triggered only when currencies devalue by a certain percentage over a specified period of time.

- b. Annual funding for the Market Access Program (MAP) should be increased from \$90 million to \$200 million to help develop and expand export markets for fruit and vegetable commodities. Congress should enact legislation that also would provide a minimum of \$35 million for the Foreign Market Development Cooperator Program, and allow up to 50 percent of the available funds under the Export Enhancement Program (EEP) to be used for related market development and promotion activities.**

Fruit and vegetable growers in Florida and elsewhere in the United States face significant obstacles to the development of export markets for their commodities. Chief among them are non-tariff trade barriers, such as phytosanitary restrictions, and subsidized competition. The European Union and other foreign competitors outspend the United States by some 20 to 1 in

export subsidies and market promotion expenditures.⁹ The EU provided more than \$15 billion in domestic subsidies to their fruit and vegetable producers in 1997. European tomato growers received nearly \$5 billion of that total. European citrus producers received well over \$1 billion. U.S. tomato and citrus growers, on the other hand, received no comparable support. Yet, our growers are forced to compete against European and other subsidized producers in world and domestic markets.

Through increased MAP and other export funding, the United States will significantly increase its commitment to the development of export markets, allowing U.S. fruit and vegetable industries to compete in global markets.

5. The federal government should provide funding assistance and credit to support conservation initiatives that would ensure a safe, healthy and sustainable environment within produce production areas. An equitable portion of this funding should be specifically earmarked for utilization in fruit and vegetable production areas.

The ecological benefits of natural resource management and conservation programs help ensure an improved environment and more productive farm economy. However, producers of fruits and vegetables can rarely recoup their investments in these programs. Additionally, increasingly stringent environmental regulations reduce the ability of producers to remain competitive in a world economy. The availability of economic and technical assistance for producers employing natural resource management programs would significantly enhance producer participation.

- a. FFVA recommends enacting legislation to provide for expansion of the Conservation Reserve Program (CRP), Conservation Reserve Enhancement Program (CREP), and Conservation Buffers and cost share programs. Eligible acreage for CRP should be increased to 39 million acres, with new acreage targeted toward conservation buffers, filters strips, and increases in state designation of CRP priority areas from 10 percent to 15 percent. FFVA recommends an annual funding increase over current CRP expenditures of \$182 million.**
- b. To increase producer participation in the Environmental Quality Incentives Program, and to address the backlog of unfunded EQUIP proposals, FFVA recommends an annual funding increase over current EQUIP outlays of \$326 million. Congress should remove funding limitations between livestock and crop producers, and eliminate size restrictions of a producer's operation.**
- c. Congress should consider initiatives such as the Conservation Security Act, which would provide economic incentives for voluntary participation in conservation management plans that address air and water quality, soil erosion, currently defined Integrated Pest Management practices and wildlife habitats. Recommended funding: \$200 million.**

⁹ U.S. Department of Agriculture.

6. Congress should enact legislation that would provide a “safety net” fund for victims of the 1999 Hunts Point produce inspection case that would be disbursed according to PACA formal complaint findings. Recommended one-year funding: \$10 million.

The Hunts Point Terminal Market bribery and racketeering scandal severely damaged the produce industry’s confidence in the USDA’s fruit and vegetable inspection program. Fruit and vegetable growers depend heavily on the inspection system to provide a credible and consistent third party analysis of product condition at both shipping point and upon arrival. Without a sound inspection system in place, growers are at the mercy of unscrupulous buyers who would use bogus condition problems to leverage a reduction in the price of the load.

FFVA strongly supports reforms and modernization of the USDA’s inspection service, making full utilization of the \$71 million approved by the 106th Congress for that purpose. However, produce shippers, defrauded by USDA inspectors and industry wholesalers, have had difficulty securing restitution. Establishment of a special fund to compensate defrauded shippers, administered according to formal PACA case rulings, and through expedited proceedings, would bolster industry confidence in the system.

7. U.S. farm policy should support consumption of at least 5 servings of fruits and vegetables every day.

Research shows that increased fruit and vegetable intake reduces the risk of cancer and numerous other serious illnesses, including heart disease, stroke, and diabetes. The health care costs associated with these diet-related illnesses cost over \$4.5 billion per year. For the first time, the *Dietary Guidelines for Americans 2000*, jointly published every five years by the U.S. Department of Health and Human Services (HHS) and the USDA, includes individual guidelines urging all Americans to eat a minimum of five-to-nine servings of fruits and vegetables daily. With this next Farm Bill, we have a unique opportunity to ensure that policies under the purview of the House and Senate Agriculture Committees are carefully considered so that the new *Guidelines* are fully implemented. To this end, future farm policy will not only support American agriculture; it will support and encourage the health and well-being of all Americans.

a. The federal government should substantially increase its commitment to promote 5 A Day to the public.

Currently, the federal government is providing only \$1 million per year through the National Cancer Institute’s 5 A Day program to promote its effort to inform the public of the benefits of a diet rich in fruits and vegetables. This is woefully inadequate. We recommend that Congress establish a program at USDA that would provide matching funds to industry expenditures on commodity promotion for the generic promotion of the 5 A Day message to consumers across the country.

- b. USDA should expand feeding programs to include more fresh fruits and vegetables. Annual funding of \$500 million, specifically earmarked for fruit and vegetable purchases, would provide for School Breakfast, School Lunch, Elderly Nutrition Programs, Child and Adult Care and other feeding programs.**
- c. Congress should establish a Food Stamp supplemental benefit for the purchase of fresh produce. A funding increase of \$1.7 billion over current outlays would allow for a supplemental benefit of \$10 per week per eligible individual to be used only for purchase of fresh fruits and vegetables.**
- d. Congress should enact legislation to improve the health of WIC participants who are nutritionally at risk in vital nutrients. This provision would require USDA to incorporate a variety of fresh fruits and vegetables into the WIC monthly food package. Annual recommended funding increase over current WIC outlays: \$100 million.**

8. Conclusion.

Fruit and vegetable growers produce crops that are vital to the health of Americans and represent a significant segment of American agriculture. Because they are not considered so-called “program crops,” fruits and vegetables are often ignored when it comes to the development and implementation of U.S. farm policy. Yet, like producers of program crops, fruit and vegetable growers face significant challenges in the production and marketing of their commodities that must be addressed if they are to be competitive in an increasingly global marketplace. We urge Congress to take these issues and the many other challenges facing the fruit and vegetable industry fully into consideration as you move forward in the development of the next Farm Bill.

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